



1360, boulevard René-Lévesque Ouest
Bureau 600
Montréal (Québec) H3G 0E8

Sans frais 800.252.1846
banquelaurentienne.ca

Montreal, December 18, 2023

Delivered By Email: memberpolicymailbox@iiroc.ca

Member Regulation Policy
Canadian Investment Regulatory Organization
Suite 2000
121 King Street West
Toronto, Ontario M5H 3T9

Market Regulation
Ontario Securities Commission
Suite 1903, Box 55
20 Queen Street West Toronto, Ontario M5H 3S8
e-mail: marketregulation@osc.gov.on.ca

Object: CIRO Rule Consolidation Project – Phase 1 – Comments from Laurentian Bank Financial Services Inc.

To whom it may concerns,

As requested in the 23-147 Notice sent on October 20, 2023, Laurentian Bank Financial Services Inc (**LBCFS**) provides to the Canadian Investment Regulatory Organization (**CIRO**) comments and answers to questions in part 5 of the above-mentioned notice on the Rule Consolidation Project—Phase 1 (**Consultation**).

LBC Financial Services is a financial services firm in Quebec (for the financial planning discipline) and a mutual fund dealer registered through the AMF and also with CIRO, in addition to being a wholly owned subsidiary of Laurentian Bank of Canada ("LBC"), a Canadian chartered bank.

Here are our comments on Phase 1:

1. Provide a minimum 90-day comment period for each phase of the Project.

LBCFS considers it important to have a minimum of 90 days to read, analyze and comment on the various documents inherent in the next phases. As a smaller firm, we sometimes have to turn to external support to properly analyze the implications of proposed changes.

2. Time to implement proposed changes

As mentioned above, being a small firm, and given the significant semantic changes contained in Phase 1, we believe it is important to specify that CIRO must provide us with sufficient time to make the necessary changes to comply with the various regulatory changes. As system changes require investment, and changes to various policy needs to be made, it is essential that we have the time we need to properly evaluate and introduce them.

3. Answers to questions (Section 5)

Questions from CIRO	LBCFS answers
<p>Question #1 – Delegation</p> <p>As part of the Phase 1 Proposed DC Rules, we have adopted existing IDPC Rule subsection 1103(1) relating to delegation but have not yet made a final decision on the approach we should take in drafting the final general rule requirement relating to delegation.</p> <p>Which of the following rule drafting approaches do you think we should take and why? Should we:</p> <ul style="list-style-type: none"> • generally permit the use of delegation, subject to specific prohibited exceptions itemized elsewhere throughout the rules? <p style="text-align: center;">or</p> <ul style="list-style-type: none"> • generally prohibit the use of delegation, subject to specific permitted exceptions itemized elsewhere throughout the rules 	<p>The option of “generally permit the use of delegation, subject to specific prohibited exceptions itemized elsewhere throughout the rules” would be a better option because:</p> <ul style="list-style-type: none"> • it is generally easier to understand and more efficient for our internal procedures and processes to permit delegation with certain prohibitions rather than to generally prohibit with certain situations where it is possible. • Generally prohibiting could potentially limit the market and our future products or business relationships.
<p>Question #2 - Temporary discretionary accounts</p> <p>We have determined that there is no longer a need to make temporary discretionary account arrangements available to clients and will be proposing to eliminate this investment dealer account type as part of future phase of the Rule Consolidation Project.</p> <p>Do you agree with the proposed elimination of this investment dealer account type? If not,</p>	<p>Eliminating discretionary account arrangements would currently have no impact on LBCFS since we do not and will not offer this type of product.</p>

<p>please provide reasons why this account type should be retained.</p>	
<p>Question #3 - Account types that can be offered by Investment Dealer Members and Mutual Fund Dealer Members</p> <p>Under the Phase 1 Proposed DC Rules, the following account types will be available to Dealer Members:</p> <p>Advisory account (available to both Investment Dealer Members and Mutual Fund Dealer Members) direct electronic access account (available only to Investment Dealer Members) Managed account (available only to Investment Dealer Members) Order execution only account (available only to Investment Dealer Members) Should we consider proposing to allow Mutual Fund Dealer Members to offer managed accounts and order execution only accounts as part of a future Rule Consolidation Project phase and provided they comply with requirements that are materially the same as those that apply to Investment Dealer Members? Any such changes would have to be developed in conjunction with the CSA.</p>	<p>LBCFS firmly believes that mutual fund brokers should be able to offer the same range of products as investment brokers. This flexibility will enable mutual fund dealers to offer products to meet their clients' needs. However, it will be important to understand the rules surrounding each product in order to fully appreciate the impact on each broker's procedures.</p> <p>LBCFS would not intend on limiting the ability to offer future products or services.</p>
<p>Question #4 – Regulatory financial filing forms</p> <p>The existing IDPC and MFD rules require the completion and submission of two different regulatory financial filings forms (both referred to as Form 1). As part of a future Rule Consolidation Project phase, a determination will need to be made as to whether we maintain two different regulatory financial filing forms or one going forward.</p> <p>Do you think we should maintain two different regulatory financial filing forms or one for both categories of CIRO Dealer Members? Why?</p>	<p>Consolidating into a single “Form 1” would be efficient, however, any difference in definitions or requirements would have to be identified and discussed amongst the Rule Consolidation Project.</p> <p>Once the differences are identified, the proposed changes should be made and circulated for input from the CIRO Dealer Members for further comments.</p>
<p>Question #5 – Harmonized Approved Person regime</p> <p>There are material differences in the Approved Person regimes that apply to Investment Dealer Members and Mutual Fund Dealer Members. Our intention is to:</p>	<p>For a mutual funds dealer, if the new definition may have an impact that could render a current Approved Person ineligible for the new defined role (e.g., training, knowledge and experience requirements) this will have to be analyzed further.</p>



<p>harmonize these two regimes as much as is feasible, retain a harmonized regime that continues to stress the important role played by individual Approved Persons in ensuring rule compliance, and ensure the harmonized regime accommodates different firm types and business models without introducing significant regulatory burden. What other factors should CRO consider in its future phase work to develop a more harmonized Approved Person regime?</p>	<p>That being said, we believe that the fundamental differences between the definitions for approved persons should be maintained, given the differences between business models.</p>
<p>Question #6 - Categorization of clients</p> <p>As part of a future phase of the Rule Consolidation Project we will need to determine whether the use of the “institutional client” / “retail client” categorization should be extended to Mutual Fund Dealer Members and, if so, whether all Dealer Members should be given the option of treating all clients as “retail clients” to avoid the burden of having to categorize clients.</p> <p>Should all Dealer Members have the options of either: (1) categorizing their clients as either an “institutional client” or a “retail client” and complying with the rules relevant to each client type, or (2) treating all clients as “retail clients” and complying with the rules relevant to retail clients? Why or why not?</p>	<p>Proposed option 2 of treating all clients as “retail clients” and complying with the rules relevant to retail clients would have no change on our current processes and procedures and appear easier than having to categorize clients since our systems don't allow us to categorize our customers.</p>

Michael Tibolla
Michael Tibolla
 LBCFS Chief Compliance Officer
 LBC Financial Services Inc.